

BEFORE THE POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Notice of Market Dominant)
Price Adjustment)
Docket No. R2017-1)

Comments of Stamps.com
(November 1, 2016)

Stamps.com Inc. (“Stamps.com”) submits these comments pursuant to Commission Order No. 3565, “Notice and Order on Rate Adjustments and Classification Changes” (Oct. 13, 2016). We thank the Commission for this opportunity. Our comments are directed to the rate for metered, Information Based Indicia (IBI), permit imprint, and pre-cancelled-stamp mail, and to compliance with price cap requirements.

Stamps.com and the Meter Rate

Stamps.com is the leading provider of PC Postage, which became a reality in 1999 after several years of testing. We work with small and medium-size firms, including some individuals, to help them manage postage and send secure, highly-prepared mail. This mail does not require trips to the post office, stamps, window service, or cancellation. It is lower in cost than other mail and contributes to an effective postal system.

To help our mailers and other small businesses grow, we have advocated for recognition in rates of the lower costs of such mail. Not only do lower rates lead to increased volume, they send signals that help identify the mail that can be processed

most efficiently. Mailers shifting to PC Postage are helping to support a viable Postal Service. Just as in regard to environmental concerns, we find that people want to do their part.

A first step was taken in Docket No. R2013-10 when the Postal Service provided a 1-cent discount for metered mail, for which, by virtue of its IBI, PC Postage qualifies. Our sales team reported that the discount was receiving considerable attention, all positive. A survey we presented in Docket No. ACR2014 showed this attention, including that 64 percent of our new customers said the discount was important to them in their decisions to use PC Postage and that the discount led them to think of the Postal Service as more businesslike.¹ And it should be noted that customers setting up PC Postage arrangements use them to purchase postage for multiple categories of mail, including parcels and Priority, not just for First-Class letters.

All this took a step backward in Docket No. R2015-4 when the Postal Service, concerned with relations among categories in First-Class, reduced the discount to one-half cent. We argued that the discount was just beginning to take hold and that restoration should be considered.²

In the instant docket, the Postal Service has noticed such a restoration—while increasing the price of the basic First-Class stamp to 49 cents, the amount paid for many of the Forever stamps now being held, it is decreasing the meter rate by one-half cent.

Stamps.com supports the Postal Service's proposal. As a company, Stamps.com will promote the meter discount and help mailers to comply with its

¹ See Initial Comments of Stamps.com (Feb. 2, 2015).

² See Comments of Stamps.com (Feb. 4, 2015).

requirements. At a time when national attention is focusing on the viability and growth of small businesses, and the Postal Service is focusing on how to achieve a low-cost, well-defined processing and delivery system, in effect a lean, mean machine, we believe the new meter discount can help bring about both.

Compliance with the Price Cap

In Docket No. R2013-10, when the first meter discount was introduced, GCA argued that it did not satisfy 39 C.F.R § 3622(b)(8), which points to “just[ness] and reasonable[ness],” and that there is “no need” for it. Stamps.com finds just the opposite. In fact, we find it unjust and unreasonable to oppose efficient signals in rates.

Upon review, the Commission explained that “the application of the qualitative factors and objectives in [§§ 3622(b) and (c)] ‘must largely be deferred to post-implementation compliance review under section 3653’”³ In that next compliance review, the Commission found that GCA’s “assertion that the rate structure for Metered Letters may be irrational is not well supported” and that some of the information GCA wanted is available in the billing determinants.⁴

The essential hurdle in a case that makes rate adjustments is to show that the billing determinants have been used properly to show that the new rates satisfy the constraint of the price cap on the associated class of mail. The Postal Service shows this in the instant docket in its initial filing in Excel file CAPCALC-FCM-R2017-1.xls. Our review of that file shows that a complete set of recent billing determinants for metered mail (first-ounce metered, additional-ounce metered, and nonmachinable-surcharge

³ See Docket No. R2013-10, Order No. 1890, at 47 and 51, PRC quoting Order No. 536.

⁴ See Docket No. ACR2013, ACD (March 27, 2014) at 71-72.

metered) is factored into the calculations, using current and proposed rates. The complete set is for the most recent twelve months, during which a meter discount was firmly in place. We believe these calculations satisfy Commission Rule 3010.23. Accordingly, the proposal should be approved.

Respectfully submitted,

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